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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

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Building The Wireless Future™

CTIA

Cellular
Telecommunications
Industry Association
1250 Connecticut
Avenue, N.W.
Suite 200
Washington, D.C. 20036
202-785-0081 Telephone
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June 17, 1996

William F. Caton
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: ***Ex Parte* Presentation**
CC Docket No. 95-185 (Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers) and **CC Docket No. 96-98** (Implementation of the Local Competition Provisions in the Telecommunications Act of 1996)

Dear Mr. Caton:

On Monday, June 17, 1996, Mr. Randall S. Coleman, Vice President for Regulatory Policy and Law, CTIA, sent the attached letter and accompanying material to the following personnel of the Wireless Telecommunications Bureau:

Michele C. Farquhar	Zenji Nakazawa
Karen Brinkmann	Rhonda Lien
Daniel Grosh	Walt Strack
Jay Markley	Joseph Rose
Kathryn O'Brien	

Pursuant to Section 1.1206 of the Commission's Rules, an original and one copy of this letter and the referenced attachments are being filed with your office. If there any questions concerning this filing, please contact me at (202) 736-3255.

Sincerely,

Robert F. Roche

Robert F. Roche

Attachments

No. of Copies rec'd 0+1
List ABCDE

Building The Wireless Future

CTIA
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Randall S. Coleman
Vice President for Regulatory Policy and Law

June 17, 1996

Ms. Michele C. Farquhar
Chief
Wireless Telecommunications Bureau
Federal Communications Commission
2025 M Street, N.W., Suite 5205
Washington, D.C. 20554

Re: ***Ex Parte* Presentation**
CC Docket No. 95-185 (Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers) and **CC Docket No. 96-98** (Implementation of the Local Competition Provisions in the Telecommunications Act of 1996)

Dear Michele:

This letter is in response to your question concerning the basis for calculating the amounts paid and payable by CMRS providers to LECs for the termination of CMRS-originated traffic. As you know, the CMRS industry is competitive and, therefore, carriers are reluctant to reveal company-proprietary or competitively-sensitive information. Nonetheless, it has been estimated that the average number of MOUs per subscriber runs between approximately 115 minutes per month and 125 minutes per month. It is possible, therefore, to calculate a range of the approximate cost of interconnection as follows:

At the lower range of usage:

MOUs per sub per year (115 x 12) x estimated total average subscribers

1,380 x 28,960,041 (estimated average subs for 1995)
= 39,964,855,200 MOUs for year

39,964,855,200 MOUs x 80 % (traditional estimate of origination)
= 31,971,884,160

31,971,884,160 x 2.5 cents average per minute LEC origination charge
= $ 799,297,104

At the upper range of usage:

MOUs per sub per year (125 x 12) x estimated total average subscribers

1,500 x 28,960,041 (estimated average subs for 1995)
= 43,440,061,500 MOUs for year

43,440,061,500 MOUs x 80 % (traditional estimate of origination)
= 34,752,049,200

34,752,049,200 x 2.5 cents average per minute LEC origination charge
= $ 868,801,230.00

Thus, according to these calculations, the total cost to CMRS providers for interconnection in 1995 was between $ 799.3 million and $ 868.8 million. However, elimination of these surcharges would not produce an unrecoverable revenue shortfall for the LECs.

It should be noted that the average number of the total CMRS and LEC lines in 1995 was 179,500,293.5 (28,960,041 estimated average CMRS subscribers plus 150,540,252.5 average LEC subscriber lines, per CTIA's Semi-annual Data Survey and the FCC's *Statistics of Communications Common Carriers (1993/94, and 1995)* at Table 2.3). Thus, the sum amounts to between $ 4.47 and $ 5.03 per CMRS and LEC subscriber per year, or between 37.1 cents and 41.9 cents a month. This sum is easily recoverable by the LECs through charges for such additional services as directory assistance, call completion, or other features which could be provided by the LECs to wireless callers and wireless calling parties. See attachment.

If you have any questions on this matter, please contact Mr. Robert Roche, Director for Research, CTIA, at 202/736-3255.

Sincerely,

Randall S. Coleman

Randall S. Coleman

cc: Ms. Karen Brinkmann
Mr. Daniel Grosh

INCREASED REVENUE OPPORTUNITIES FOR LECs

Lower interconnection costs for wireless carriers will lead to increased wireless usage. LECs should be excited about the possibility of increased wireless traffic. The pie will get bigger--for everyone. Aside from LEC-encouraged landline originated calls, the following are LEC services that may be used more when wireless usage increases as a result of implementation of reciprocal termination:

- IntraLATA toll service. LECs will continue to have the opportunity to earn revenue, at currently great rates of profit, for intraLATA transport for additional toll charges. Although intraLATA toll competition may soon develop in many markets, LECs will remain at a significant advantage to offer such service as the owners of extensive existing networks.

- Call forwarding and jointly-offered landline/wireless services. Technology is making it increasingly possible for customers to be reached at the same telephone number for both their landline and wireless phones. This number is typically a landline number that is either forwarded to a wireless phone or is alternatively sent to a wireless phone (through services such as GTE's TeleGo and Cellular One's FreedomLink).

- Directory assistance. Where LECs continue to provide the directory assistance service for wireless systems, substantial revenues will continue to pour in, at an increasing rate as wireless usage increases.

- Operator and directory assistance call completion. When a wireless customer asks an operator to place a call or chooses the directory assistance option of automatic call completion, LECs earn revenue. In the instance of directory assistance call completion, most of the customer charge goes to the LEC.

- Landline-connected voice mail and call-waiting. Increased wireless to LEC traffic will stimulate landline-connected voice mail and call-waiting usage.

- Caller ID and distinctive ringing. With the development of technology capable of sending party-identification for wireless customers, more landline customers may choose to purchase caller ID and distinctive ringing services so that they will know when wireless customers are trying to reach them.

- Multiple-party calling services involving at least one wireless user. While wireless carriers increasingly offer this service, LECs may be the sole providers of such services in many markets for the near future.

- Busy-line verification and break on LEC customer lines. When operators determine whether a line is in fact busy rather than out of service and perform emergency break-ins, revenue flows to LECs.